

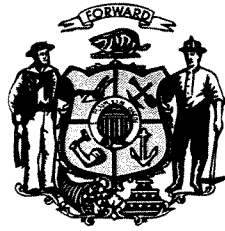
IX. State Elections Board – Kevin J. Kennedy, Executive Director

The board requests a supplement of \$138,200 GPR in 1997-98 from the Committee's appropriation under s. 20.865 (4)(a) to the department's general program operations appropriation under s. 20.510 (1)(a) to develop software for campaign finance report electronic filing enhancements.

Governor's Recommendation

Approve the request for release of \$118,100 GPR (\$102,800 GPR plus an additional \$15,300 GPR) from the Committee's appropriation under s. 20.865 (4)(a) to fund the electronic filing enhancement and require the board to utilize \$20,100 GPR from excess funds of the database conversion project.

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



IX
Mailing Address:
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Date: December 18, 1997
To: Members, Joint Committee on Finance
From: Mark D. Bugher, Secretary
Department of Administration
Subject: Section 13.10 Request from the State Elections Board for electronic filing enhancement funding.

Request

The state elections board requests a supplement of \$138,200 GPR in 1997-98 from the Committee's appropriation under s. 20.865 (4)(a) to the department's general program operations appropriation under s. 20.510 (1)(a) to develop software for campaign finance report electronic filing enhancements.

Background

In 1997 Wisconsin Act 27, the Legislature approved one-time funding of \$102,800 GPR in the Joint Committee on Finance's (JCF) appropriation for release to the state elections board upon the board's request to enhance the computerized database to: (1) enable registrants to file campaign finance reports with the board by means of electronic submission, and (2) to permit members of the public to access the database electronically.

On November 18, 1997, the Assembly passed on a vote of 98-0 AB 150 which would require registrants with campaign activity of \$20,000 or more to file campaign finance reports electronically. In addition, the bill requires the board to specify by rule the type of software suitable to comply with the electronic filing requirement, and require the board to provide copies of the software to registrants at a price not to exceed actual costs. AB 150 is awaiting action from the Senate in the spring floor session.

Analysis

The Governor's Blue Ribbon Commission on Campaign Finance Reform in its final report dated May 1997 made several recommendations in the area of electronic filing. "The Commission concluded that Wisconsin should move aggressively to implement a full and instantaneous disclosure system using the most up-to-date technology, as soon as possible." The Commission also stated that all campaigns

should be provided with copies of electronic filing software. It further added that "the state elections board should make electronically filed campaign finance information available on the Internet as soon as possible after receiving electronic reports."

The board is requesting \$35,400 GPR above the \$102,800 GPR placed in reserve in JCF's appropriation. The board states that the estimates provided during biennial budget deliberations were based upon information available at that time which estimated consultant hours to develop a software application to be \$50 per hour for a total of 2,056 hours. Based upon more current information and consultant experience with the conversion project, the board estimates 2,382 hours will be needed by the consultant for web site development (634 hours) and electronic data transfer development (1748 hours) at a rate of \$58 per hour. The board also states that these rates are well below rates charged by other contractors and national vendors for this service.

Further, the board indicates that \$13,500 will be needed to install a telecommunications link (T1 line) that will enable users to file and access the data electronically. Since this connection will not be needed until July 1998, the board is not requesting additional GPR funding. The board will need to utilize excess PR funding from its appropriation under s. 20.505 (1)(h), materials and services, to fund, install and maintain the T1 line connection and must make that request under s. 16.515.

It could be argued that the additional funding of \$35,400 GPR beyond the \$102,800 GPR placed in reserve in JCF's appropriation should be absorbed by the agency through current GPR or from the new PR campaign finance report filing fee. The new PR filing fee, effective January 1, 1998, is estimated to generate only \$27,100 PR in fiscal year 1998 and \$27,200 PR in fiscal year 1999. The new PR filing fee initiative was submitted by the board as part of its directive to reduce its GPR operations by 3.5% in the 1997-99 biennial budget. As a result, the board took a corresponding GPR reduction in both fiscal years. In addition, the board will also be required to absorb increases in pay plan costs not included in the compensation reserve of approximately \$18,300 GPR for the 1997-99 biennium. With passage of AB 532, which reassigns the elections board director from an ESG 2 to an ESG 4, the board may also be required to absorb additional salary and fringe benefits costs of approximately \$26,000 GPR. Since the board's new PR funding source must be used to replace lost GPR funding for its general program operations, the board does not have excess GPR or PR funding to absorb the additional costs of the electronic filing enhancement.

It could also be argued that the \$138,200 GPR should not be released from JCF's appropriation until the current State of Wisconsin Elections Board Information System (SWEBIS) database conversion from an Ingres based application to an Oracle based application is completed. The board would assert that the two projects must be done simultaneously to ensure a more efficient and integrated product and that any time delay between conversion and the electronic filing enhancement will impede the start of receiving and accessing information for the

upcoming spring elections in 1998. If the electronic filing enhancement project and the remaining module of the conversion project (campaign financing) are done together, testing can be achieved on both projects sooner. In either case, the electronic filing enhancement and the final campaign finance module of the conversion will not be completed for the February and April elections but will be completed for the 1998 fall primary and general elections.

The consultant has completed 1,254 hours of work on the conversion project and anticipates that the registration and election modules will be completed by the end of December 1997. Candidate registrations and elections nominations for the spring and any anticipated special elections will be operating on the new applications. Through November 1, 1997, the board has spent \$42,300 GPR for 729 hours of consulting. The board and consultant estimate the conversion project to cost another \$106,100 for 1,828 remaining hours to be completed. Since the board received funding of \$168,400 GPR for the conversion project and will most likely utilize funding of only \$148,300 GPR, it could be argued that the board should use the \$20,100 GPR of excess funding from the conversion project to fund additional costs of the electronic filing enhancement project. However, if estimates from the consultant are wrong, then the board will have insufficient funding to complete the project and may need to come before the Committee under s. 13.10 for additional GPR funding.

Recommendation

Approve the request for release of \$118,100 GPR (\$102,800 GPR plus an additional \$15,300 GPR) from the Committee's appropriation under s. 20.865 (4)(a) to fund the electronic filing enhancement and require the board to utilize \$20,100 GPR from excess funds of the database conversion project.

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267-0371



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Kevin J. Kennedy
Executive Director

MEMORANDUM

TO: Senator Brian Burke, Co-chair
Representative John Gard, Co-chair
Members of the Legislative Joint Committee on Finance

FROM: Kevin J. Kennedy, Executive Director
State Elections Board

DATE: November 20, 1997

SUBJECT: Release of Funds for the Development of Software for Electronic Filing of Campaign Finance Reports and Electronic Access to Campaign Information

On behalf of the Elections Board, I request that the Legislature's Joint Committee on Finance authorize and release \$138,200 in funding for the development of software to enable registrants to file campaign finance reports electronically, and for the members of the public to access that information electronically.

The State Budget Bill, 1997 Act 27, set aside \$102,800 in this committee's appropriation for the Elections Board to enhance its computerized database to enable registrants to file their campaign finance reports electronically and to permit members of the public to access the information electronically. This amount was based on an estimate developed by the Elections Board in cooperation with Enterprise Solutions Technology Group, Inc., a local state contractor whose personnel have worked with the Elections Board over the years in the development of its election and campaign finance information system (SWEBIS).

Unfortunately, the amount allocated in the budget will not be sufficient to enable the Elections Board to complete this project. The original estimates, developed in September 1996, were based on the best information the agency and the consultant had available to them at that time. Since spring 1997, the Board staff has been working with Enterprise Solutions Technology Group to design the conversion of the Board's current election and campaign finance information system to a new relational database as mandated by the Department of Administration. The funding for this conversion was also approved in the 1997-1999 state budget.

The Elections Board staff and its consultants have had the opportunity to work directly with the software conversion tools the agency acquired. We have also had the opportunity to thoroughly review the experiences of several other states who have developed electronic filing applications primarily through two national vendors. It is safe to say that no other state has been able to bring electronic filing of campaign finance reports on line for under \$250,000.

The amount of funding the Elections Board needs to complete this project in order to enable registrants to file campaign finance reports electronically for the fall 1998 elections is \$151,700. That amount is broken down in the following manner:

\$138,200	Software development
\$ 13,500	Installation of T1 line

The original estimate for electronic filing, set out in a document prepared by the Elections Board staff as a supplement to its budget request, is based on web site development cost estimates of 772 hours and external application software development estimates of 1,284 hours for a total of 2,056 hours at \$50 per hour or \$102,800. Based on the consultants' experience with the conversion project, the projected amount of time required will be 2,382 hours: 634 hours for web site development, 368 hours for electronic data transfer development and 1,388 hours for the development of electronic filing application software. Since July 1, 1997, the consultants rates have increased to \$58 dollars per hour. This amount is significantly below the rate charged by national vendors and other available contractors.

There are two components to the increased cost for the electronic filing application. The first is an increased cost of the software development, based on a higher rate to be paid to the consultants, along with a better understanding of the total amount of work entailed to develop the related components for the electronic filing, including web site development, electronic data transfer and application software. The other component is the need to install a telecommunications link which will enable users to file and access the data electronically in an efficient manner. The Department of Administration has advised us that the cost for installation of a T1 line would be \$1,500, with monthly costs of approximately \$1,000. The Elections Board staff anticipates that this connection would not be made until July 1998. This amount is not included in this request because the Board believes it can obtain the release of funds generated in its program revenue account that exceed its authorized spending authority. The Board anticipates making a separate request for this funding in spring 1998 when it will be needed. That request would be made pursuant to s.16.515, Stats.

The Elections Board requests the authorization and release of \$138,200 in funding, pursuant to s.13.101, Stats. This request meets the criteria established in s.13.101(3)(a), Stats. An emergency exists. No funds are available for covering the excess cost and the purposes of the appropriation requested have been authorized and directed by the legislature.

The legislature approved the development of the electronic filing software application by setting aside the funding as part of the 1997-1999 biennial budget. The Assembly recently passed 1997 Assembly Bill 150, 98 - 0. This legislation sets parameters for the Elections Board to follow in requiring electronic filing of campaign finance reports. The Elections Board is authorized by law to direct the manner in which registrants file campaign finance information. s.11.06(1)(intro), Stats. A complete description of the proposed electronic filing and access enhancement is set out in the attached memorandum.

No funds are available in the current Elections Board budget for this purpose. A significant portion of the funding was set aside in this committee's appropriation pursuant to Section 9129(1m), 1997 Wisconsin Act 27. An additional \$35,400 is needed to complete the electronic filing and access enhancement. The agency's annual operating budget is \$740,900. Of this amount, \$111,800 is allocated to supplies and services. Most of this money is committed to rent, the balance is used for printing, postage, telephone, training and DOA charges. The current year's funding also contains \$168,400 for the database conversion project. I anticipate that these funds will be fully expended to complete the conversion. There is no source within the agency's control which can be used for the remaining \$35,400 to complete this enhancement.

This request is an emergency. The State Elections Board has embarked on a program to enhance the integrity of Wisconsin's election and campaign process by making campaign finance information more accessible through electronic filing of campaign finance reports and electronic access to campaign finance information. The expectations of registrants and the public have been raised in anticipation of greater accessibility. However, the Board will be unable to carry out its mission, as directed by the legislature pursuant to s.11.001, Stats, if the enhancement to the agency's election and campaign information system cannot be completed to enable electronic filing and accessibility. The current volume of campaign finance information received on paper and stored at the Elections Board is effectively burying the information sought by members of the public and participants in the process, including candidates, political parties and representatives of the media. The agency has completed the design of the conversion of its campaign finance application. Proceeding with the enhancement now, while the agency is developing the conversion of its campaign finance applications, will be more efficient and ensure a more integrated product than tacking it onto a completed application.

The completion of this enhancement program will provide the opportunity for a better-informed electorate and make the preparation and filing of campaign finance reports in a timely manner easier for registrants. The failure to provide for this program will increase public cynicism and disenchantment with the state's election and campaign process. Information is a powerful tool for illuminating the electorate. Authorization of full funding for this enhancement will provide a comprehensive amount of information in an easily accessible format for members of the public and participants in the electoral process.

On behalf of the Elections Board, I request that the committee authorize the expenditure of an additional \$35,400 and release \$138,200 to the Elections Board in order to provide software for registrants to file campaign finance reports in electronic format and to enable members of the public to access campaign finance information electronically.

Attach.

Electronic Filing of Campaign Finance Reports

This document describes the steps taken by the Elections Board staff in its analysis and development of a plan to bring campaign finance and election information at the agency into the electronic age. It also describes the approach that the staff is recommending that the Board follow to implement electronic filing of campaign finance reports and electronic accessibility for members of the public to campaign finance and elections data. The Board and its staff are approaching this endeavor with an ear to its clientele. The Board and its staff are committed to making campaign finance information readily available to all interested persons, particularly active participants in the political process.

GOALS

The Elections Board's goals for this initiative are twofold:

1. To develop software for registrants to enable them to prepare and file campaign finance reports in electronic format.
2. To make campaign finance information available to interested persons in electronic format to provide the broadest disclosure possible.

BACKGROUND

When the legislature enacted the campaign disclosure law, it set out a declaration of policy. That declaration starts with the premise that an informed electorate is essential to the maintenance of a democratic system of government. The legislature found that campaign finance reports were an integral element to providing information to the electorate. s.11.001(1) Wis. Stats. Wisconsin law authorizes the Elections Board to prescribe the form in which campaign finance information shall be reported. s.11.06(1)(intro) Wis. Stats.

Pursuant to the Board's authority to prescribe the form of campaign reports, the agency has developed and refined a paper format that discloses campaign information in a comprehensive manner. However, as the cost and complexity of political campaigns has increased, the ability for interested persons to review and comprehend this information has decreased. The need to provide campaign finance information in an electronic format that enables interested persons to search, sort and categorize this data has become readily apparent.

The Board initiated requests for electronic filing in the last two budget cycles. Legislation was introduced in the last and the current sessions. Both the Governor's Blue Ribbon Commission on Campaign Finance Reform and the Citizens Panel on a Clean Elections Option recommended electronic filing and accessibility as the basis for any change to Wisconsin's comprehensive campaign disclosure law.

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The legislature has provided funding for electronic filing in the 1997-99 budget bill. 1997 Wisconsin Act 27. On November 18, 1997, the Assembly passed 1997 Assembly Bill 150, which directs the Board to require registrants with campaign activity of \$20,000 or more to file campaign reports electronically, 98-0.

PROJECT DEVELOPMENT

The Elections Board staff has been tracking and evaluating electronic filing initiatives in other jurisdictions for several years. The staff has reviewed the programs in Hawaii, Iowa and New Jersey in some detail. We are familiar with the product developed by SDR Technologies (Hawaii) and Cogent (New Jersey). The staff has been following the implementation process in Iowa very closely. The Board's campaign finance and elections administrator is a member of the Electronic Disclosure Committee of the Council on Governmental Ethics Laws (COGEL). The agency recently sent a survey to all registrants who appear to use a computer to prepare campaign finance reports to identify the range of software and hardware currently used by registrants.

The staff has worked with a state consultant, Enterprise Solutions Technology Group, Inc., to develop a projected cost for adding an electronic filing and accessibility component to its election and campaign information system (SWEBIS). The initial cost was included in the agency's latest budget initiative. A revised estimate has been submitted to the Legislature's Joint Committee on Finance. The initial estimate of \$102,800 for development of software and a web site was based on a September 1996 analysis projecting 2,056 hours of design and development work at \$50 per hour. The consultant has revised that estimate based on its experience in working on the conversion of the agency's current election and campaign management application which is integral to developing the electronic filing and access capacity to the Board's information system.

The current estimate is \$139,200, based on 2,382 hours of programmer design and development at \$58 per hour. The consultant estimates 634 hours of work on the development of a web site, 360 hours for developing the electronic transfer component and 1,388 hours for the application software, which includes the software that would be provided to registrants.

TIMELINE

The Department of Administration has established information technology standards which require the agency to convert its current campaign and election information and management application from an application based in the Ingres relational data base to one based in Oracle. Design and development work on the conversion of SWEBIS has been proceeding since spring of 1997. The election management and campaign registration modules are nearly complete and should be operational for testing in the 1998 spring elections. The campaign finance modules have been designed. We would like to develop the campaign finance module with the electronic filing module to ensure a fully integrated product. The consultant estimates that an alpha program for preparation of campaign finance reports can be available for testing in approximately 3 months.

The staff plans to involve several campaign treasurers and bookkeepers in a review of the alpha and beta versions to ensure a user friendly package. Some volunteers should be able to file July 1998 continuing reports using the software. The Board staff will conduct training sessions for registrants to facilitate the use of the software. We hope to be able have a large number of registrants filing campaign reports electronically for the fall 1998 pre-primary and pre-election reports. Public access to the election and campaign information should be available after July 1998.

ELECTRONIC FILING REQUIREMENTS

The Elections Board staff will recommend that the Board promulgate administrative rules concerning electronic filing of campaign finance reports. At present it has not been decided whether the 1998 filings would be voluntary or whether registrants with campaign activity of \$20,000 or more would be required to file electronically. This will be the subject of an Elections Board hearing on the proposed rules. The \$20,000 threshold follows the amount established in 1997 Assembly Bill 150 and recommendations of the Governor's Blue Ribbon Commission.

If the \$20,000 threshold is utilized, the agency projects the following number of registrant filings by category based on 1995-96 filings:

Candidates	137
Assembly	62
Senate	34
Governor	2
Lieutenant Governor	2
Attorney General	12
Other	35
Political Parties	16
Legislative Campaign Committees	4
Political Action Committees	52
Conduits	<u>30</u>
Total Registrants Filing Electronically	239

SOFTWARE CAPABILITIES

A registrant will need a 486 computer capable of running Windows 95 with 8mb of memory or a Mac running System 7.5 or later with 8mb of memory

The Elections Board staff expects the distributive software to have the following capabilities:

1. The application should be able to generate a complete campaign finance report (Form EB-2) filing.

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2. The registrant should be able to perform a self audit on the report before filing.
3. The application should flag certain violations before being filed.
4. The candidate should be able to run basic reports to track 45% & 65% contribution limits and the total to date.
5. The candidate should be able to choose the contribution limits for their office from a drop down menu, and run a report to show all contributors at or over the limit to avoid soliciting additional funds from those contributors.
6. Registrant should be able to balance their checking account and to run trial balances.
7. The application should provide bookkeeping records to complete reports (Individual contributor list, vendor list).
 - a. Registrant should be able to choose special interest codes for contributions.
 - b. Registrant should be able to choose purpose codes for disbursements.
8. The application should allow the registrant to run labels for mailings to contributors.
9. Registrant should be able to make a notation on a contributor's record such as "signs" or "circulate papers."
10. Application should allow for filing of:
 - a) supplemental reports for WECF
 - b) special reports of late campaign activity
 - c) supplement records with indication what period these are covering
11. The application will permit a registrant with other software to convert its records to a format that can be filed electronically with the agency.

WEB SITE CAPABILITIES

Registrants and members of the public will have access to a web site with the following capabilities:

1. The web site should allow the ability to complete and file a campaign registration statement and file it over the Internet.

2. The web site will enable anyone to search, sort, retrieve and download any data in our database (finance or election results).
3. The web site should have copies of all manuals and other source documents available (statutes, administrative code, opinions, board meeting minutes).
4. A person should be able to access all forms, print a copy and submit it electronically.
5. A registrant should be able to file special reports of late campaign activity (Forms EB-3 & EB-7) immediately, either completing the form or providing the information in some other electronic form.
6. Candidate checklists, elections and campaign finance calendar, special alerts, and list of board members should be available to review and print.

FILING REPORTS

The software will be designed to enable registrants to file by modem, through the internet or on a floppy disk. Reports will be due by the statutory filing deadlines. One anticipated feature that will be voluntary is the ability for a registrant to supplement a preprimary or preelection filing by submitting campaign finance information for the period following the close of the report period. This will enable candidates and other registrants to fully disclose late campaign activity immediately.

SUMMARY

The Elections Board and its staff are excited over the potential for the wide-spread dissemination of campaign finance and election information that this endeavor will engender when the project reaches fruition. We see this effort as fluid enough to respond to the needs and concerns of the agency's clientele. The Board and its staff will actively solicit the input of participants in the political process to ensure that the final product meets the expectations of our clientele and fulfills the directives of the legislature established in s.11.001 Stats.